



The Regional Municipality of Durham, Financial Report 1989



Regional Municipality of Durham, 605 Rossland Road East, Whitby, Ontario L1N 6A3 Telephone 668-7711

MESSAGE FROM THE REGIONAL CHAIRMAN

It is once again my pleasure to review the annual accomplishments of the Region of Durham.

The year 1989 was characterized, as in the preceding year, by exceptional growth in our population base and economic sectors. While such growth and prosperity were warmly welcomed, they placed tremendous demands on the provision of municipal services.

It is a reflection of the sound fiscal policies and long term strategic planning, adopted by Council, that these demands were met without compromise to the quality or level of municipal services or the financial health and stability of the Region. Even more remarkable is the fact that the Region has once again shown a surplus in its general, water and sewer operations while reducing its per capita debt and augmenting its funds in reserve for future capital requirements.

These outstanding achievements are a direct result of the Region's long term strategy of effective debt management and the continuation of a fully-integrated user fee/pay-as-you-go approach to the financing of capital projects.

While economic growth and stability will continue to be of primary concern to the Regional Administration, the effective management of such growth is of foremost priority. Also, a commitment to preserve the quality and level of services expected by our residents while meeting the demands of growth, in a fiscally responsible manner, will continue to be a fundamental goal of Regional Council.

Our accomplishments in 1989, as detailed herein, have been due largely to the dedication of our elected and senior appointed officials, Regional employees as a whole and the confidence and enthusiastic optimism of our citizens and business community in Durham as a place to live and work. It is their on-going dedication and commitment that will ensure future stability and prosperity as we enter the 1990's.



Gary Herrema
Regional Chairman

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Chief Administrative Officer D.R. Evans, MA. Sc., P. Eng.

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Commissioner of Finance and Treasurer

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Director of Treasury Services

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Director of Administrative Services

P.N. Richards, BBA, MBA
*Manager, Budgets, Economic
Studies and Risk Management*

J.S. Lorne, CET, MBA
Manager, Supply & Services

Auditor Deloitte & Touche
Chartered Accountants

Banker The Royal Bank of Canada
(effective May 1, 1990)

Managers of Fiscal Agency RBC Dominion Securities Inc.
Wood Gundy Limited

REGIONAL COUNCIL
December 31, 1989

Chairman	Gary Herrema
Town of Ajax	*Jim Witty Pat Clark Joseph Dickson
Town of Newcastle	*Marie Hubbard Diane Hamre Larry Hannah Ken Hooper
Town of Pickering	*Wayne Arthurs Douglas Dickerson Robert Mitchell Beverley Morgan
Town of Whitby	*Robert Attersley Marcel Brunelle Joseph Drumm Tom Edwards
City of Oshawa	*Allan Pilkey John Aker Pauline Beal David Conway Nancy Diamond Linda Dionne Irv Harrell Allan Mason Brian Nicholson Jim Potticary Margaret Shaw
Township of Brock	*Donald Hadden John Doble
Township of Scugog	*Howard Hall Yvonne Christie
Township of Uxbridge	*Gerri Lynn O'Connor Donald Jackson

**Denotes Mayor of Municipality*

Annual Report

*of the Treasurer and Commissioner of Finance
for the year 1989*

Preface

It is my privilege to present the Financial Statements for the Regional Municipality of Durham for the year ended December 31, 1989, including the Auditors' Report thereon, and to comment on the major economic and financial accomplishments of the past year.

The audited financial statements presented herein have been prepared in accordance with accounting principles generally accepted by municipalities in Ontario. The accounting principles used are those judged to be most appropriate under the circumstances with significant accounting policies described in the accompanying Notes to the Financial Statements.

To ensure that transactions are accurately recorded on a timely basis, properly approved, and result in reliable financial statements, the Region maintains an extensive system of internal accounting controls. The adequacy and preparation of the control systems are monitored on an ongoing basis by the Treasury Services Section of the Region's Finance Department.

The firm of Deloitte & Touche, Chartered Accountants, through its Auditors' Report, has expressed an independent and informed judgement as to whether the Region's financial statements present fairly the Municipality's financial position and results of its operation in conformity with generally accepted accounting principles.

The Auditors' Report is based on the findings from an examination of the Region's accounting systems, procedures and internal controls and is conducted in accordance with generally accepted auditing standards.

The financial information contained in my Annual Report, which follows, is consistent with the annual audited financial statements.

The Year In Review

Economic Highlights

In spite of a general softening of the national economy, the Region of Durham economy exhibited continued strength through 1989. The total value of building permits for all sectors in 1989 exceeded \$1 billion for the second consecutive year. Although slightly lower (by 6.7%) from the unprecedented record of \$1.082 billion in 1988 to \$1.009 billion in 1989, reaching this milestone and maintaining it, attests to the vitality of Durham Region and the growing diversity of its economic base.

The Region's share of construction activity within the Greater Toronto Area modestly declined from 11.7% in 1988 to 10.1% in 1989. However, employment opportunities continued to grow with the unemployment rate declining from 5.2% in 1988 to 4.0% in 1989.

Of the \$1.009 billion in building permits issued in 1989, the residential component, at \$691 million was the most significant, reflecting the construction of more than 5800 units. The commercial sector recorded an increase of 12% over 1988, from \$108.5 million to \$121.1 million in 1989; while industrial permits showed a modest decline of 5% from \$106.4 million in 1988 to \$101 million in 1989. However, in spite of this decline, industrial floor space actually increased by 20% from 2 million square feet in 1988 to 2.4 million square feet in 1989.

The Region currently maintains a good supply of available industrial space. As of the end of 1989, approximately 1.9 million square feet were available compared to 1.4 million at the end of 1988. During 1989 in excess of 1.3 million square feet of new industrial space was occupied by business concerns.

Companies occupying new space in the year include Volkswagen of Canada with a \$22 million parts warehouse and service training facility and General Motors of Canada with completion of a 285,000 square foot headquarters complex. The major industrial and commercial developments in the Region, either underway or announced include: McGraw Hill Ryerson's plans to construct a 160,000 square foot warehouse, Sony of Canada's expansion to their existing facility, Atlantic Packaging's continuing construction of a 450,000 square foot recycling facility, ongoing plant construction by St. Mary's Cement and by Ontario Hydro at its Darlington Nuclear Generating Station and Campeau Corporation's continuing expansion of the Oshawa Shopping Centre.

To sustain future growth, the Region promotes initiatives to ensure that adequate serviced land is available for development. At the end of 1989 Durham had over 840 acres of serviced industrial land available for purchase or build-to-suit for leaseback purposes. During the year 180 acres of industrial land were absorbed. In addition to the serviced acreage, there are numerous parcels of industrial land available across the Region which have partial or no services, offering developers and investors a wide range of options and opportunities. Various servicing projects undertaken in 1989 will result in several hundred more acres of industrial land becoming available in 1990 and beyond.

In addition, the Region of Durham and the Ontario Government have entered into a joint venture that will see the development of a business park on provincially-owned land in Whitby. The 200 acre Lynde Shores Business Park will ultimately house between three and four million square feet of space and generate between 4,000 and 5,000 jobs.

Significant growth in Durham Region has placed added pressure on the existing infrastructure, including the transportation network. This network includes a wide range of road and rail systems, a municipal airport and a deep-sea port. The system provides transportation access to a Region that commands one of the highest rates of industrial production growth in Canada and one of the richest markets in the entire North American continent.

Expansion of the transportation network is vital to the growth of the Region. Construction has begun on a provincially funded, \$100 million project which will widen Highway 401 from six lanes to a twelve lane core and collector system from Neilson Road in Scarborough to Brock Road in Pickering. Phase 2 will continue the widening with twelve lanes through to Whitby and ten through Oshawa. Another significant announcement was the linking of Taunton Road in Pickering to Steeles Avenue in Metro Toronto providing a vital northern route for east-west traffic. This project will commence in 1990 with completion slated for three years later at an estimated cost of approximately \$40 million. Finally, routing studies and analyses are underway by the Ministry of Transportation for Highway 407 with construction projected to commence in five years.

Another important transportation link was in full service by 1989 with GO Train commuter service to Ajax and Whitby. GO Transit also announced the extension of this service to Oshawa by the end of 1993.

Significant expansion in the sanitary sewer and water supply systems were also undertaken in 1989. The capacity at the York-Durham Water Pollution Control Plant is being doubled from 40 million to 80 million gallons per day in order to accommodate the dramatic growth taking place in both the Region of Durham and York. In addition, Durham entered into negotiations with private developers to build a pumping station and sanitary sewer system for southeast Ajax, a water supply system for northeast Oshawa, a sanitary pumping station and forcemain for northeast Whitby and a major trunk sanitary sewer to serve north Bowmanville.

Building upon the performance of the previous year, 1989 was a year of significant achievement for the Region. Confidence in the Region of Durham as a place to develop economic activity was substantiated by a number of major corporate concerns in 1989. To ensure that such confidence in the Region is maintained, the Region has undertaken a number of immediate as well as long term strategic initiatives, including the enhancement of the Region's transportation, water and sewer infrastructure and supply of serviced land. Such a proactive approach to the promotion of continued growth in the Region continues to be viewed as a fundamental and essential goal of the Region.

The Year In Review

Financial Overview

The 1989 budget increase, an impact for general purposes of 19.0% on the average ratepayer, reflects the growth rates being experienced in the Region and the necessity of increased spending to meet the demands of such growth on the Regional System. At the same time, the combined water and sewer rate increased by 7.1% for water and sewer customers — a significant achievement considering the demand for services necessitated by growth.

The above-noted increases also allowed Regional Council to maintain its long term financing objectives in the area of capital projects. Once again in 1989, the "pay-as-you-go" philosophy was augmented by implementing financial practice of budgetting a special capital levy from current funds. In the 1989 general purpose current budget, Regional Council set aside \$5.2 million (\$2.7 million in 1988), for such special projects as Waste Management, 911 Emergency Dialing Telephone System and renovations to certain Homes for the Aged facilities.

At the same time, Regional Council provided approximately \$29.9 million in financing (\$22.4 million in 1988) from the water and sewer current budgets for capital expenditures. As a result, debenture financing was not required for the 1989 water and sewer capital projects.

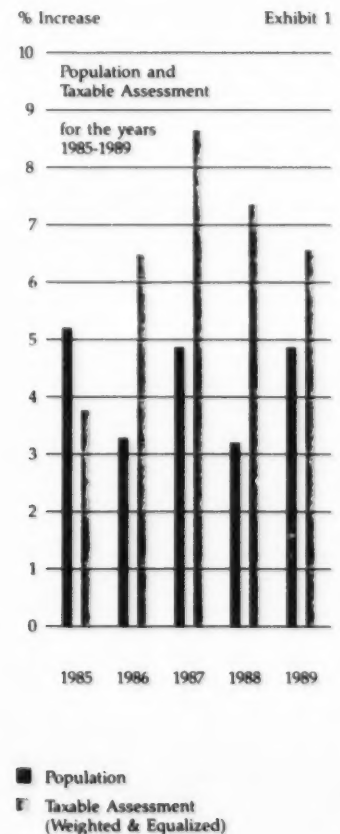
Financial controls and the ongoing monitoring of revenues and expenditures are essential elements in exercising strong fiscal responsibility. By adhering to such controls Regional Council continues to demonstrate excellent financial results for the year with a consolidated fund balance (surplus) of \$5.7 million to be used to offset taxation and user charges. This fund balance included \$2.5 million for general purposes, \$1.2 million for the waterworks system, and \$1.7 million for the sanitary sewerage system. The budgetary savings which contributed to the surplus balances were a direct result of cost and other financial controls currently in place and carefully followed by staff as directed by the Chief Administrative Officer.

In 1990, water and sewer rates will increase by an average of 7.9% which is slightly above the expected rate of inflation. At the same time, the Regional levy for general purposes will increase at a rate of approximately 11% for the average ratepayer in Durham. This increase is partly as a result of Regional Council's decision to continue to provide for 100% financing of capital projects from current funds and partly as a result of major cost increases in the areas of police, waste disposal, social services and roads from the rapid growth and development in the Region of Durham.

In spite of these increases in the Regional levy, Durham's taxes are comparable to those of other high growth municipalities. Moreover, the 1990 increase equates to about a \$40 to \$50 average increase in the Region's portion of property tax bills.

Population and Taxable Assessment Growth

The population in Durham increased in 1989 by 4.8% but, more notably, the **taxable assessment increased at a greater rate (6.6%)**. This positive trend is indicated in Exhibit 1.



Sources of Financing

The Province of Ontario has provided the Region with its major financing sources by contributing \$68.2 million or 33.5% of the total current revenues for 1989 with the Regional levy representing \$67.7 million or 33.3% of total revenues. The balance of revenues are comprised of water and sewer user charges (\$43.4 million), fees and service charges (\$22.3 million) and other sources (\$2.0 million).

1989	1988
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REVENUE		1989	1988
	Requisition: General Regional	67,677	55,730
	Ontario Grants	68,203	60,337
■	1989	User Charges: Water and Sewer	43,444 38,491
■	1988	Fees and Service Charges	22,234 16,852
	Other	2,072	2,995
Total Revenue		203,630	174,405

Revenue Fund

Expenditures

The 1989 revenue fund expenditures for the Region of Durham are presented herewith according to their major functional headings.

Social and Family Services represented the largest expenditure item at \$64.8 million or 36.4% of total current expenditures. The cost of Social and Family Services includes welfare assistance, family counselling, day nursery services and the maintenance of Durham's three Homes for the Aged. These costs are directly related to programs established by the Province of Ontario, and accordingly, are extensively subsidized by the Province.

The cost for Protection to Persons and Property totalled \$35.3 million or 19.8% of total expenditures. Of this amount, \$33.8 million represented Police costs for the year while the balance represented the Regional share of the costs of various Conservation Authorities and the Emergency Measures program.

The balance of expenditures of the revenue fund is illustrated in Exhibit 3 below.

Exhibit 3 Revenue Fund Expenditures
(All amounts in thousands of dollars)

		1989	1988	
EXPENDITURE	General Government	6,532	6,336	
	Protection to Persons and Property	35,288	31,316	
	Transportation Services	9,806	8,259	
	Waterworks	16,654	16,857	
	Sanitary Sewage	20,783	19,993	
	Waste Disposal	14,907	9,982	
	Health Services	6,091	5,251	
■ 1989	Social Services	33,382	27,343	
■ 1988	Senior Citizen Services	23,740	20,972	
	Day Nurseries	5,598	4,626	
	Family & Children's Services	2,062	1,725	
	Planning & Development	3,009	2,562	
	Total Expenditure	177,852	155,222	

Waterworks and Sanitary Sewage Operations

A major responsibility of the Region of Durham is the administration, operation and maintenance of the water supply and sanitary sewage systems.

Revenues required to finance these Regional functions are raised primarily from Region-wide uniform user fees. The water and sewer revenues and expenditures are monitored very closely during the year to ensure that these specialized operations are financially viable.

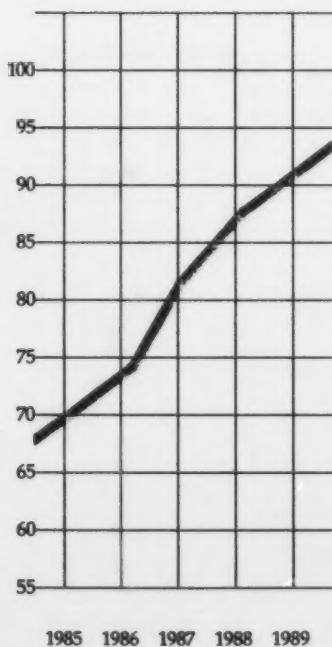
The 1989 operation of the **waterworks system** resulted in a **surplus of \$1.2 million** due to an increase in revenues from the sale of water and service charges exceeding the amount projected. The customer growth and large increases in water consumption, especially by the industrial and commercial sectors, continued in 1989 and contributed extensively to this surplus. The dynamic growth experienced by the Region is demonstrated by the increase in the number of water customers as shown in Exhibit 4 below.

Similarly, the 1989 operation of the **sanitary sewage system** resulted in a **surplus of \$1.7 million**. As with the water operation, the direct billing revenues exceeded the amount projected, mainly as a result of the high growth rate in the number of customers in Durham during the year.

Exhibit 5 indicates the total amount spent on water and sanitary sewer operations and the surplus generated for each of the years 1985 to 1989. This chart reveals the strong financial portion of the water and sanitary sewer operations.

Exhibit 4

Increase In The Number
Of Water Customers
(1985 to 1989)



No. of Customers
(in thousands)

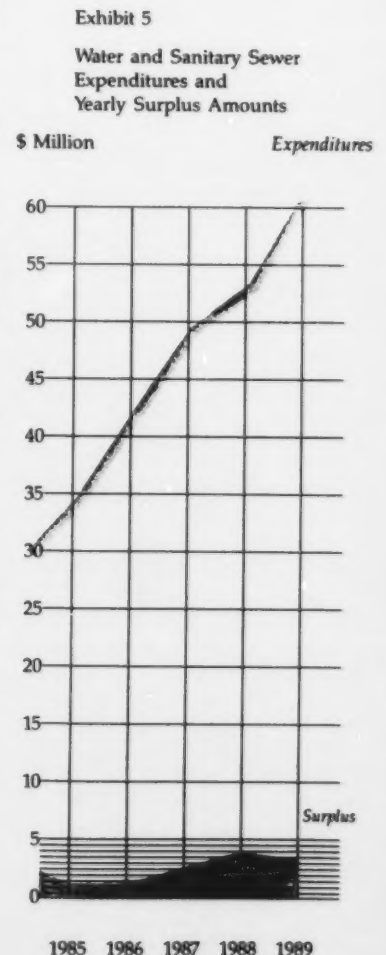
The water and sewage operations within Durham are examined annually to ensure their financial stability and viability. In 1989, as in previous years, a tri-department study group, consisting of staff from the Works, Planning and Finance Departments reviewed the financing and servicing of the Waterworks and Sanitary Sewage Systems encompassing a ten year forecast period. In addition, the water and sewer rates, rate structures and development charge levies were examined in detail to ensure that:

- the water and sewer rates are adequate and the rate structures are appropriate;
- the financial resources available to the water supply and sanitary sewage systems in the form of user revenues, development charge levies and other revenues are sufficient to meet anticipated expenditures; and
- the water and sanitary sewage systems are self-supporting and financially managed in the most efficient manner consistent with the needs of the ratepayers in Durham.

As a result of this review, the 1989 Regional water and sewer user rates were increased by 7.1% in order to provide the necessary financing for the water and sewer operations. Similarly, the 1989 study for 1990 purposes included a recommendation, which was adopted by Regional Council that the water and sanitary sewer rates be increased by 7.9% in 1990 in order to meet current and capital expenditure requirements.

In addition, Regional Council adopted the 1989 water and sanitary sewer services capital budget which contained a provision for debenture financing for certain water servicing capital projects only if sufficient funds were not available from other sources. Debenture financing was not required for 1989 and the Region was able to continue with its policy of financing capital spending from current operations. Over the past five years, approximately \$53 million has been expended from current operations to finance water and sanitary sewer capital projects.

Durham will continue to monitor and review the costs and financing of the water and sewer operations annually to ensure efficiently managed and financially sound systems which will allow for future growth yet not impose an undue financial burden on the users of these systems.



Solid Waste Management

Solid Waste Management is also subject to an extensive Works-Finance joint departmental review each year to ensure adequate financing and planning over a ten year period.

At present, the solid waste management operations of the Region encompass three landfill sites and three municipal transfer stations for residential refuse. In addition, the Region has an agreement with Metropolitan Toronto to utilize the Brock West Landfill Site operated by Metro Toronto and located in Pickering. The majority of the Region's solid waste is currently disposed at the Brock West Site.

In 1989, waste management underwent a number of changes that will have significant financial and other implications for the Region of Durham:

- Increase in the user rate fee charged by Metropolitan Toronto from \$50.00 to \$83.33 per tonne for use of the Brock West Landfill Site located in Pickering.
- Receipt of a rebate from Metropolitan Toronto equivalent to \$55.12 per tonne (based on 0.365 tonnes per person), for all residentially generated solid waste entering the Brock West Landfill Site.
- Payment of a royalty to the Region (\$2.52 per tonne) for all solid waste disposed at the Brock Waste Landfill Site.
- Continuation of a full scale, multi-material, curbside collection "blue box" residential recycling program for all urban areas of the Region currently receiving regular refuse pickup.
- Integration of a waste management program to reduce solid waste entering landfill sites by 25% by 1992 and 50% by the year 2000 through recycling/reuse/recover/reduction initiatives.

In 1989, revenue fund expenditures relating to solid waste management totalled \$14.7 million and was funded from a combination of user rates, grants, rebates received from Metropolitan Toronto and a contribution from the Regional levy for General Purposes.

Currently, Regional Council is participating in a proposal set forth by the five Regional Chairmen of the Greater Toronto Area (GTA), regarding a Long Term Plan For The Management of Solid Waste.

Recently, the Region and Metropolitan Toronto reached an agreement regarding the utilization of a proposed six million tonne landfill site in Pickering pursuant to the terms of the GTA proposal. Subject to environmental review, the Region will own and operate the site and make available capacity of 4.6 million tonnes to Metropolitan Toronto from 1992 to 1996. In return, it is anticipated that the Region will receive net revenues of \$250 million which will be used to offset related capital costs for the development of the landfill site and expenditures planned for other waste reduction initiatives.

Concurrently, the Region is proceeding with a Master Plan for long term waste disposal facilities to accommodate the Region's Waste Management requirements beyond 1996.

Reserves and Reserve Funds

Financing capital expenditures from sources other than long-term borrowing continues to be a very significant and integral aspect of the overall financing of major capital projects.

In 1989, \$16.7 million (\$16.7 million in 1988) was transferred to revenue funds from reserves and reserve funds to finance capital expenditures and debenture debt charges related to new residential growth. This reflects Regional Council's desire to pay, whenever possible, for capital expenditures relating to new residential growth from funds which are collected mainly from residential developers for this purpose.

Reserves and reserve fund balances at the end of 1989 were \$56.6 million. This amount represents an increase of \$14.8 million from 1988 and reflects the high rate of development taking place in Durham. Developers' lot levy contributions increased from a record high of \$15.8 million in 1988 to \$19.8 million in 1989. By prudent investment of these funds throughout the year, an additional \$6.8 million in interest income was earned from the invested proceeds of the reserve funds. This income remains in the reserve funds to be applied against future capital requirements for new residential growth.

Capital Operations

Regional Council carefully scrutinizes all funding of capital operations to ensure the financing of as much capital expenditure from current revenues as practical, thereby maintaining the Region's established "pay-as-you-go" policy. In 1989, Durham spent \$46.1 million on capital projects (\$42.7 in 1988). Sources of Capital Funds in 1989 were provided from current operations (\$30.7 million), Provincial grants (\$8.3 million), and other sources including Reserves and Reserve Funds (\$12.4 million).

A summary of the 1989 capital operations is illustrated in Exhibit 6 below.

Exhibit 6

Capital Expenditures & Financing

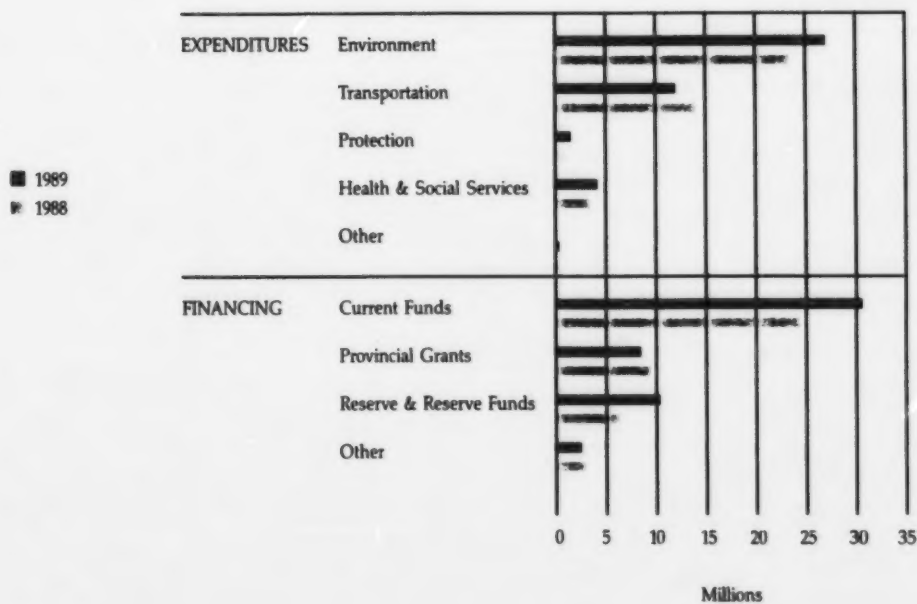
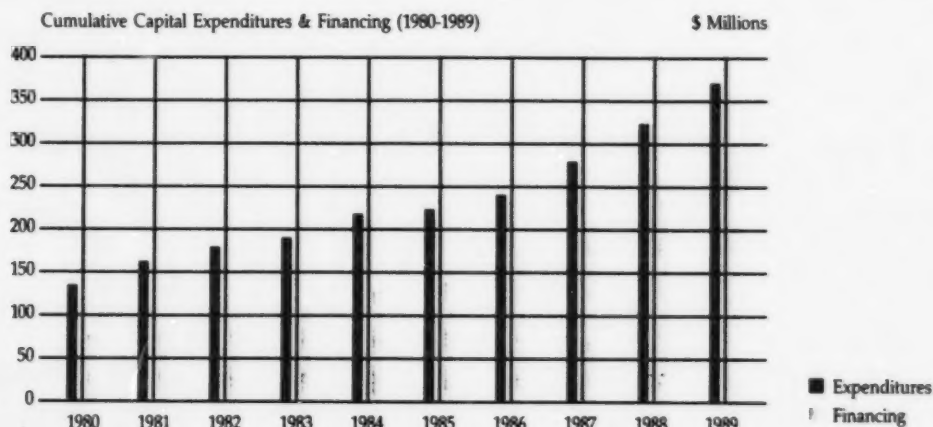


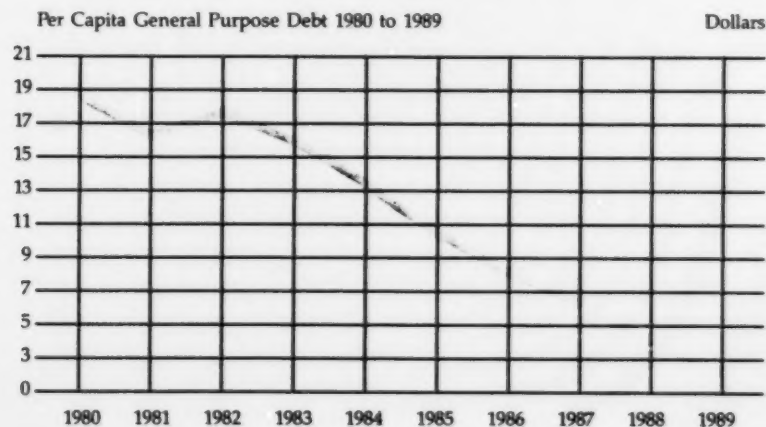
Exhibit 7 highlights Regional Council's "pay-as-you-go" capital spending policy over the years. Approximately \$300 million of capital expenditure, financed from current operations and sources other than long term debt, have been made since the inception of the Region in 1974. This represents 72% of the funding of the total capital expenditures incurred from 1974 to 1989 inclusive.

Exhibit 7



Moreover, the per capita debt for general purposes has continued to decrease over the past six years, from \$13.58 per capita in 1984 to \$2.38 per capita in 1989 as illustrated in Exhibit 8 below.

Exhibit 8



Moreover, the debt outstanding for sanitary sewer and water servicing purposes has decreased from a combined total of \$70.9 million in 1984 to \$25.9 million in 1989, a decrease of 63.4% in the six year period.

However, it should be noted that it may not always be possible for the Region to continue with a 100% pay-as-you-go policy as there are several large projects to be constructed by the Municipality in the future, including water and sewerage plants. In any event, it is the intention of Regional Council to continue to use pay-as-you-go financing as the cornerstone of financial planning in the future.

Annual Report

Summary

In summary, Regional Council has established sound financial policies and controls which are followed carefully by the municipality's senior appointed staff. Strict adherence to these policies assures the financial stability and integrity of the Regional Municipality of Durham for now and for the future. The financial and economic accomplishments exhibited in 1989 were exceptional. Even with pressures of unprecedented growth, the Municipality continues to maintain a strong and stable financial position. Whatever the future holds for the municipalities of the Greater Toronto Area, Durham's solid and diversified economic base coupled with responsible and strategic fiscal planning will ensure that the Municipality will remain financially healthy as we enter the new decade.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "J.L. Gartley", written in dark ink.

J.L. Gartley, CMA
Commissioner of Finance

**AUDITORS'
REPORT &
FINANCIAL
STATEMENTS**



AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Regional Municipality of Durham:

We have examined the consolidated balance sheet of the Corporation of the Regional Municipality of Durham as at December 31, 1989 and the consolidated statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation of the Regional Municipality of Durham as at December 31, 1989 and the results of its operations for the year then ended in accordance with accounting principles disclosed in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte, Touche

DELOITTE & TOUCHE
Chartered Accountants
Oshawa, Ontario
April 30, 1990

Consolidated Balance Sheet

as at December 31, 1989

	1989	1988
	\$	\$
ASSETS:		
UNRESTRICTED:		
Cash and short-term investments	30,077,849	18,109,251
Accounts receivable (net of allowance for doubtful accounts of \$280,000 - 1989 and 1988)	36,614,455	29,834,250
Other current assets (Note 3)	3,608,264	3,659,417
	70,300,568	51,602,918
RESTRICTED (Note 7):		
Cash and short-term investments	56,462,198	41,270,159
Accounts receivable	—	31,069
Investment in own debentures	109,868	491,674
	56,572,066	41,792,902
CAPITAL OUTLAY:		
Capital outlay financed by long-term liabilities and to be recovered in future years (Notes 2, 4 and 5a)	27,211,917	37,324,765
	154,084,551	130,720,585
LIABILITIES:		
Accounts payable and accrued liabilities	35,291,525	23,889,094
Current portion of Ontario Housing Action Program loans	5,487,833	5,042,633
Other current liabilities and deferred revenue	3,128,311	3,727,896
	43,907,669	32,659,623
Net long-term liabilities (Note 5)	27,211,917	37,324,765
FUND BALANCES AT THE END OF THE YEAR:		
To be used to offset taxation or user charges in 1990		
General Revenue	2,507,253	2,508,813
Waterworks System	1,250,000	1,882,643
Sanitary Sewage System	1,700,000	2,651,778
Waste Disposal System	—	604
Environmental Inspections	288,700	280,207
	5,745,953	7,324,045
Unexpended Capital Financing	11,083,780	5,828,022
Reserves (Note 6)	9,563,166	5,791,228
Reserve Funds (Note 7)	56,572,066	41,792,902
	82,964,965	60,736,197
	154,084,551	130,720,585

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Operations

for the year ended December 31, 1989

	1989	1988
	Actual	Actual
SOURCES OF FINANCING: (Schedule 1)	\$	\$
Requisition on Area Municipalities	67,677,312	55,730,265
User charges - Water and Sewer	43,444,179	38,490,953
Other user charges	22,233,503	16,852,069
Grants - Government of Canada	188,611	412,255
- Province of Ontario	76,498,594	69,681,544
Contribution from developers	23,195,251	17,108,585
Other	13,784,190	9,825,583
	247,021,640	208,101,254
 EXPENDITURES: (Notes 2, 8, 9, 10 and 11) (Schedule 1)		
General government	6,734,916	6,493,299
Protection to persons and property	37,712,175	33,057,319
Transportation services	22,161,089	23,140,245
Environmental services	79,421,252	69,743,745
Health services	6,210,957	5,333,619
Social and family services	69,341,399	57,992,871
Planning and development	3,211,084	2,696,623
	224,792,872	198,457,721
EXCESS:		
Excess of financing over expenditures before extraordinary item	22,228,768	9,643,533
EXTRAORDINARY ITEM:	—	3,191,155
EXCESS:		
Excess of financing over expenditures after extraordinary item	22,228,768	6,452,378
FUND BALANCES:		
Beginning of year	60,736,197	54,283,819
FUND BALANCES:		
End of year	82,964,965	60,736,197

Notes to Financial Statements

December 31, 1989

1) Municipal Structure

The Regional Municipality of Durham came into existence on October 15, 1973 and assumed its responsibilities on January 1, 1974, under the authority of the Regional Municipality of Durham Act, 1973.

The Region comprises the following Area Municipalities:

City of Oshawa
Town of Ajax
Town of Newcastle
Town of Pickering
Town of Whitby
Township of Brock
Township of Scugog
Township of Uxbridge

and is responsible for services within these Area Municipalities related to the following:

- Financial, including all debt issues.
- Protection to persons and property, including Police, Conservation Authorities, Emergency Planning and Fire Co-ordination.
- Transportation Services, including all Regional Roadways and Traffic Control.
- Environmental Services, including Waterworks System, Sanitary Sewer System, Regional Storm Sewer System and Waste Disposal.
- Health Services, including Public Health Services and Inspections.
- Social and Family Services, including General Assistance, Homes for the Aged and Day Nurseries.
- Planning, including official plan administration.
- Industrial Development and Promotion.

Notes to Financial Statements

December 31, 1989

2) Summary of Accounting Principles

a) BASIS OF CONSOLIDATION:

(i) *Consolidated Balance Sheet* This statement reflects the assets and liabilities of the revenue fund, reserve funds, the capital fund and the Board of Commissioners of Police.

(ii) *Consolidated Statement of Operations* This statement reflects the consolidated sources of financing and expenditures of the revenue fund, reserves, reserve funds and the capital fund of the municipality, including the activities of the Board of Commissioners of Police.

(iii) *Trust Funds and Sinking Fund* The trust funds and sinking fund administered by the municipality are not included in these consolidated financial statements. The "Net long-term liabilities" and "Capital outlay to be recovered in future years" on the Consolidated Balance Sheet have been reduced by an amount equal to the sinking fund administered by the municipality. The Trust Funds and the Sinking Fund financial statements are disclosed separately.

b) BASIS OF ACCOUNTING:

(i) *Accrual Basis of Accounting* Expenditures and their related sources of financing are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) *Fixed Assets* The historical cost and accumulated depreciation of fixed assets are not reported for municipal purposes. Fixed assets are reported as an expenditure on the Consolidated Statement of Operations in the year of acquisition.

(iii) *Capital Outlay to be Recovered in Future Years* "Capital outlay to be recovered in future years," which represents the outstanding principal portion of long-term liabilities for municipal expenditures or capital funds transferred to other organizations is reported on the Consolidated Balance Sheet.

(iv) *Inventories of Supplies* Inventories of supplies are valued at cost on the first-in, first-out basis.

Notes to Financial Statements

December 31, 1989

3) Other Current Assets

	1989	1988
	\$	\$
Inventory	1,517,023	1,746,873
Prepaid Expenses	2,061,641	1,887,844
Other	29,600	24,700
	3,608,264	3,659,417

4) Capital Outlay to be Recovered in Future Years

Certain capital outlay will be recovered in future years from the following sources:

	1989	1988
	\$	\$
General activities	878,422	1,418,721
Special charges on benefitting landowners	2,264,134	2,477,680
Sanitary sewage operation	9,562,984	14,588,188
Waterworks operation	14,112,377	18,309,020
Waste disposal operation	394,000	531,156
	27,211,917	37,324,765

Notes to Financial Statements

December 31, 1989

5) Net Long-Term Liabilities

The balance of net long-term liabilities reported on the Consolidated Balance Sheet is made up of the following:

	1989	1988
	\$	\$
Total long-term liabilities incurred by the Region (including the former County of Ontario) and outstanding at the end of the year amount to	66,048,362	59,025,701
In addition, the Region has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities. At the end of the year, the principal amount of this liability is	1,291,150	2,097,268
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed:		
— by other municipalities and independent boards for a principal amount of	(39,201,408)	(22,920,417)
— by the Province of Ontario for the York/Durham Sewage System	(169,947)	(228,243)
The total value of the Sinking Fund which has been accumulated to the end of the year to retire outstanding long-term liabilities included above, amounts to	(756,240)	(649,544)
Net long-term liabilities at the end of the year	27,211,917	37,324,765

Approval of the Ontario Municipal Board has been obtained for these long-term liabilities.

The net long-term liabilities will be charged to operations as follows:

	1990	1991	1992	1993 to 1997	1998 and Thereafter
	\$	\$	\$	\$	\$
Waterworks Operation	3,507,066	3,048,474	3,554,702	4,100,536	752,853
Sanitary Sewage Operation	3,799,963	2,713,512	1,575,158	2,848,144	39,087
Police	181,950	76,520	7,210	15,320	—
Roads and Storm Sewers	22,787	—	—	—	—
Homes for the Aged	193,377	188,330	132,709	57,800	2,419
Waste Disposal Operation	158,750	186,750	48,500	—	—
	7,863,893	6,213,586	5,318,279	7,021,800	794,359

Notes to Financial Statements

December 31, 1989

5) Net Long-Term Liabilities (continued)

Included in "Net long-term liabilities" on the Consolidated Balance Sheet are the following:

- a) An amount of \$11,082,649 (1988 — \$13,287,248) payable in United States dollars, which was converted into Canadian dollars at the rate of exchange prevailing at December 31, 1989. If the liability was converted into Canadian dollars at the exchange rate prevailing when the liability was incurred, the loss on exchange would be \$223,607 (1988 — \$689,421).

A Foreign Exchange Reserve Fund in the amount of \$1,401,850 (1988 — \$1,121,234) has been established to provide for foreign exchange fluctuations and is reflected on the Consolidated Balance Sheet. An amount of \$140,348 (1988 — \$463,096) has been provided for in the current year and is reported on the Consolidated Statement of Operations.

- b) An amount of \$11,741,128 (1988 — \$17,228,961) in Ontario Housing Action Program loans, which assist in financing the installation of trunk water and sanitary sewer systems within the Region. Such loan amounts are interest-free and are repayable in accordance with formulae related to the registration of plans of subdivisions in the Towns of Ajax, Pickering, Newcastle and Whitby and the City of Oshawa, on which the Region of Durham can collect development charge levies.

It is estimated that these loans will be charged to operations as follows based on housing projections:

	1990	1991	1992	1993
	\$	\$	\$	\$
Waterworks Operation	2,650,000	2,650,000	2,650,000	882,946
Sanitary Sewer Operation	2,210,000	698,182	—	—
	4,860,000	3,348,182	2,650,000	882,946

Notes to Financial Statements

December 31, 1989

6) Reserves

The reserves are comprised of the following:

	1989	1988
	\$	\$
Working capital	2,861,580	1,804,855
Equipment replacement	1,290,698	1,263,964
Contingencies	400,000	400,000
Sick leave	1,296,084	1,126,389
Capital construction	3,714,804	1,016,665
Debenture repayment-sanitary sewage	—	179,355
	9,563,166	5,791,228

7) Reserve Funds

The reserve funds are comprised of the following:

	1989	1988
	\$	\$
Development Charge Levies:		
— Roads	7,642,094	5,128,263
— Sanitary Sewage	18,423,666	15,883,994
— Waterworks	11,509,088	8,010,933
— Fixed Charges	1,709,570	1,713,290
Rate Stabilization:		
— Sanitary Sewage	5,852,780	1,161,048
— Waterworks	2,051,000	1,433,375
Regional Share of Non-Residential Development:		
— Sanitary Sewage	675,427	422,566
— Waterworks	675,427	422,566
911 Emergency Telephone System	1,849,325	1,041,174
Regional Headquarters Building	125,201	111,281
Solid Waste Disposal (Note 15)	2,935	1,699,753
Industrial Land	784,690	493,333
Roads Property Acquisition	209,446	326,623
Foreign Exchange	1,401,850	1,121,234
Workers' Compensation	164,599	50,880
York/Durham Sanitary Sewage	219,863	100,000
Insurance	3,275,105	2,672,589
	56,572,066	41,792,902

Notes to Financial Statements

December 31, 1989

8) Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 2,289 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 1989 was \$3,409,447 (1988 — \$3,753,941) for current service and is included as an expenditure on the Consolidated Statement of Operations.

In addition, the Region maintains with OMERS a supplementary pension plan for the Regional Police Department. The most recent actuarial valuation for this plan completed as at January 1, 1987 indicated excess funding of approximately \$2,058,000. The excess funding will be utilized to offset the unfunded past-service portion of this pension and to offset the Region's current service expenditures for the Police group. The current service expenditure recorded on the Consolidated Statement of Operations has been reduced by \$800,000 in 1989 and will be reduced by \$500,000 and \$300,000 in 1990 and 1991 respectively for this excess funding.

9) Liability for Vested Sick Leave Benefits

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by employees on terminating, amounted to approximately \$13,100,000 at the end of the year (1988 — \$11,577,000). An amount of \$522,185 (1988 — \$592,442) was paid to employees who left the municipality's employment during the current year.

A provision for sick leave reserve in the amount of \$1,296,084 (1988 — \$1,126,389) has been made for this liability and is reflected on the Consolidated Balance Sheet. An amount of \$169,695 (1988 — \$156,897) has been provided for in the current year and is reported on the Consolidated Statement of Operations.

Notes to Financial Statements

December 31, 1989

10) Charges for Net Long-Term Liabilities

Total charges for the year for net long-term liabilities which are reported on the Consolidated Statement of Operations are as follows:

	1989	1988
	\$	\$
— Principal payments, including contributions to the Sinking Fund and to the Ministry of the Environment Debt Retirement Fund	9,514,580	9,598,362
— Interest	2,320,139	2,970,624
	11,834,719	12,568,986

Of the total 1989 charges shown above, \$691,221 was paid from general municipal revenues of the municipality, \$4,845,936 was recovered from the waterworks operation, \$6,069,349 from the sanitary sewage operation and \$228,213 from the waste disposal operation. These amounts are included on the Consolidated Statement of Operations classified under the appropriate functional expenditure headings.

Notes to Financial Statements

December 31, 1989

11) Contractual Obligations

a) SANITARY SEWAGE SYSTEMS

The Region has entered into an agreement with the Province of Ontario and the Regional Municipality of York whereby the Province will provide sanitary sewage services to portions of the Regions of Durham and York. Under this agreement, the Province will construct and finance sewage plant facilities, and charge the Regions for the capital costs of the facilities based on a sewage service rate. The sewage service rate for 1989 was \$0.725 per thousand gallons for a total cost of approximately \$2,526,000 (1988 — \$3,524,000).

Effective October 1988, the Region began operating the sewage system on behalf of the Province. The Region assumes its share of operating costs and, in turn, charges the Region of York for a share of the costs incurred to operate the system.

In addition, under the Regional Municipality of Durham Act, 1973, the Region has assumed the responsibility for the payment of sanitary sewage operating costs from the former local municipalities in agreements with the Ontario Water Resources Commission and the Ministry of the Environment at an annual cost of approximately \$358,000 (1988 — \$358,000).

b) LEASE COMMITMENT

The Region has commitments under various building lease agreements expiring in 1990 to 1995. These leases require an annual rental expense of approximately \$1,700,000.

12) Contingent Liabilities

In 1988, the City of Oshawa initiated legal proceedings against the Region of Durham claiming a percentage ownership in the Regional Headquarters building. In addition, the City is claiming a share of net rental revenues received.

The disposition of this claim is not determinable at the present time.

Notes to Financial Statements

December 31, 1989

13) Budget Figures

Budgets established for Capital Funds, Reserves and Reserve Funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts. Therefore the budgets have not been reflected on the Consolidated Statement of Operations.

14) Comparative Figures

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

15) Subsequent Event

Subsequent to December 31, 1989, the Region entered into an agreement with the Municipality of Metropolitan Toronto (Metro) for a contingency landfill site. Under the terms of the agreement the Region agrees to provide Metro with disposal capacity at a landfill site to be located in Durham Region. In return, Metro will pay \$41 million, to be deposited into the Region's Solid Waste Disposal Reserve Fund, for the purpose of construction, development and operation of the site. Of this amount, \$21 million is contingent upon the Region obtaining the approvals necessary for the operation of a waste disposal site.

**SUPPORTING
SCHEDULES**

Schedule of Consolidated Operations

Schedule 1

for the year ended December 31, 1989

(Note 13)

		Revenue Fund (Budget) \$	Revenue Fund (Actual) \$	Capital Fund (Actual) \$	Reserves and Reserve Funds (Actual) \$	1989 Total (Actual) \$
SOURCES OF FINANCING:	Requisition on Area Municipalities	67,412,355	67,677,312	—	—	67,677,312
	User Charges - Water and Sewer	39,086,000	43,444,179	—	—	43,444,179
	Other User Charges	22,184,553	22,233,503	—	—	22,233,503
	Grants - Government of Canada	149,992	122,777	65,834	—	188,611
	— Province of Ontario	70,680,373	68,203,521	8,295,073	—	76,498,594
	Contribution from developers	—	—	3,348,727	19,846,524	23,195,251
	Other	709,369	1,949,154	2,171,320	9,663,716	13,784,190
		200,222,642	203,630,446	13,880,954	29,510,240	247,021,640
	General government	6,081,960	6,532,038	202,878	—	6,734,916
	Protection to persons & property	35,256,932	35,288,087	2,091,192	332,896	37,712,175
EXPENDITURES:	Transportation services	9,078,451	9,806,005	11,979,128	375,956	22,161,089
	Environmental services	45,506,544	52,344,228	27,077,024	—	79,421,252
	Health services	6,416,522	6,091,119	119,838	—	6,210,957
	Social and family services	65,681,235	64,781,654	4,559,745	—	69,341,399
	Planning and development	3,258,347	3,008,850	97,431	104,803	3,211,084
		171,279,991	177,851,981	46,127,236	813,655	224,792,872
EXCESS:	Excess of financing over expenditures	28,942,651	25,778,465	(32,246,282)	28,696,585	22,228,768
APPROPRIATIONS:	Net appropriations between funds	(34,328,651)	(27,356,557)	37,502,040	(10,145,483)	—
FUND BALANCES:	Beginning of year	5,386,000	7,324,045	5,828,022	47,584,130	60,736,197
FUND BALANCES:	End of year	—	5,745,953	11,083,780	66,135,232	82,964,965

Summary Schedule of Continuity of Reserve Funds

Schedule 2

for the year ended December 31, 1989

		1989	1988
		\$	\$
BALANCE:	Beginning of year	41,792,902	37,179,935
REVENUE:	Interest on investments	6,779,245	4,383,617
	Development charge levies	19,846,524	15,780,382
	Contributions from the revenue fund	8,062,739	6,285,929
	Royalties	2,136,840	973,218
	Other	671,375	802,532
	Total revenue	37,496,723	28,225,678
EXPENDITURE:	Debt charges and capital expenditures		
	— general activities	3,507,000	3,547,250
	— sanitary sewage operation	5,624,207	4,803,741
	— waterworks operation	4,658,786	7,192,340
	— waste disposal operation	2,140,207	—
		15,930,200	15,543,331
	Contributions to capital fund	5,973,704	4,195,377
	Other	813,655	682,848
	Total expenditure	22,717,559	20,421,556
	Refund of development charge levies	—	3,191,155
BALANCE:	End of year	56,572,066	41,792,902

Continuity of Reserve Funds

Schedule 3

for the year ended December 31, 1989

		Roads	Sewage (Schedule 4)	Waterworks (Schedule 5)	Fixed Charges	Industrial Land	Roads Property Acquisition	Foreign Exchange
		\$	\$	\$	\$	\$	\$	\$
BALANCE:	Beginning of year	5,128,263	17,467,608	9,866,874	1,713,290	493,333	326,623	1,121,234
REVENUE:	Interest on investments	995,647	2,597,337	1,686,452	222,010	63,950	30,878	140,268
	Development charge levies	5,025,713	6,651,102	8,085,709	84,000	—	—	—
	Contribution from revenue fund	—	5,143,484	848,307	—	—	—	140,348
	Royalties	—	—	—	—	—	—	—
	Other	—	52,949	25,082	—	332,210	227,900	—
	Total Revenue	6,021,360	14,444,872	10,645,550	306,010	396,160	258,778	280,616
EXPENDITURE:	Debt charges and capital expenditure	3,507,000	—	—	—	—	—	—
	— general activities	—	5,512,207	4,545,786	225,000	—	—	—
	— sewer/water operations	—	—	—	—	—	—	—
	— waste disposal operations	—	—	—	—	—	—	—
	Contribution to capital fund	529	1,448,400	1,731,123	84,730	—	—	—
	Other	—	—	—	—	104,803	375,955	—
	Total Expenditure	3,507,529	6,960,607	6,276,909	309,730	104,803	375,955	—
BALANCE:	End of year	7,642,094	24,951,873	14,235,515	1,709,570	784,690	209,446	1,401,850

Solid Waste Disposal	Insurance	Police Stations	911 Emergency Telephone System	Regional Headquarters Building	Workers' Compensation	York Durham	Total
\$	\$	\$	\$	\$	\$	\$	\$
1,699,753	2,672,589	—	1,041,174	111,281	50,880	100,000	41,792,902
465,471	346,579	—	183,151	13,920	13,719	19,863	6,779,245
—	—	—	—	—	—	—	19,846,524
—	555,600	550,000	625,000	—	100,000	100,000	8,062,739
2,136,840	—	—	—	—	—	—	2,136,840
—	33,234	—	—	—	—	—	671,375
2,602,311	935,413	550,000	808,151	13,920	113,719	119,863	37,496,723
—	—	—	—	—	—	—	3,507,000
—	—	—	—	—	—	—	10,282,993
2,140,207	—	—	—	—	—	—	2,140,207
2,158,922	—	550,000	—	—	—	—	5,973,704
—	332,897	—	—	—	—	—	813,655
4,299,129	332,897	550,000	—	—	—	—	22,717,559
2,935	3,275,105	—	1,849,325	125,201	164,599	219,863	56,572,066

Continuity of Sewage Reserve Funds

Schedule 4

for the year ended December 31, 1989

		Rate Stabilization	City of Oshawa Sewer/ Sewage Treatment	Development Charge Levies*	Regional Share of Non Residential Development	Total
		\$	\$	\$	\$	\$
BALANCE:	Beginning of year	1,161,048	31,069	15,852,925	422,566	17,467,608
REVENUE:	Interest on investments	145,248	1,317	2,397,911	52,861	2,597,337
	Development charge levies	—	—	6,651,102	—	6,651,102
	Contribution from revenue fund	4,546,484	—	397,000	200,000	5,143,484
	Other	—	—	52,949	—	52,949
	Total Revenue	4,691,732	1,317	9,498,962	252,861	14,444,872
EXPENDITURE:	Debt charges and capital expenditures	—	—	5,512,207	—	5,512,207
	— sanitary sewage operation	—	—	5,512,207	—	5,512,207
	Contribution to capital fund	—	32,386	1,416,014	—	1,448,400
	Total Expenditure	—	32,386	6,928,221	—	6,960,607
BALANCE:	End of year	5,852,780	—	18,423,666	675,427	24,951,873

*The opening balance of the Development Charge Levies Reserve Fund has been reclassified to show the consolidation of the Regional Share of Sewage Works Reserve Fund with the Development Charge Levies Reserve Fund.

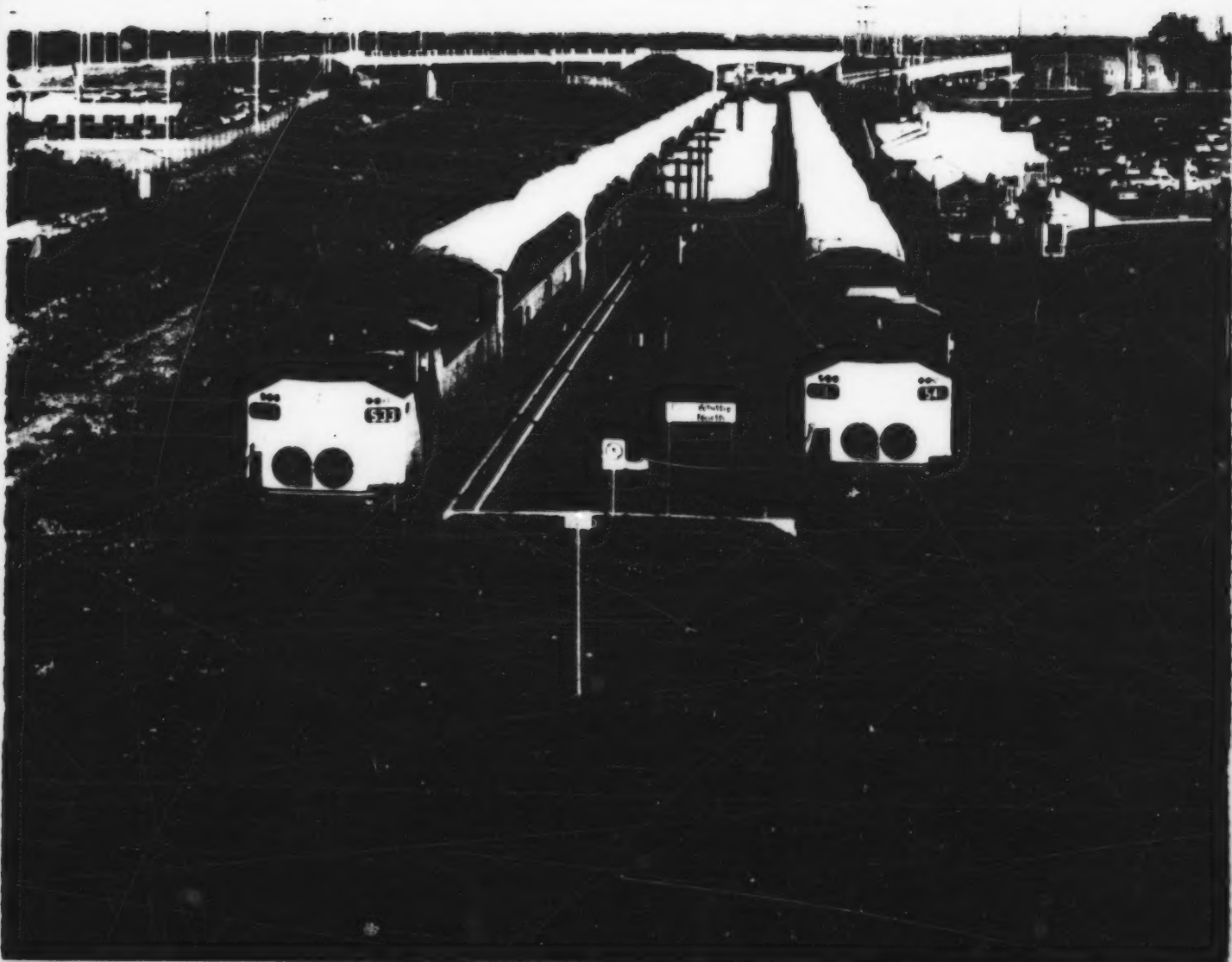
Continuity of Water Reserve Funds

Schedule 5

for the year ended December 31, 1989

		Rate Stabilization	Development Charge Levies*	Regional Share of Non Residential Development	Total
		\$	\$	\$	\$
BALANCE:	Beginning of year	1,433,375	8,010,933	422,566	9,866,874
REVENUE:	Interest on investments	179,318	1,454,273	52,861	1,686,452
	Development charge levies	—	8,085,709	—	8,085,709
	Contribution from revenue fund	438,307	210,000	200,000	848,307
	Other	—	25,082	—	25,082
	Total Revenue	617,625	9,775,064	252,861	10,645,550
EXPENDITURE:	Debt charges and capital expenditures	—	4,545,786	—	4,545,786
	— waterworks operation	—	1,731,123	—	1,731,123
	Contribution to Capital Fund	—	6,276,909	—	6,276,909
	Total Expenditure	—	6,276,909	—	6,276,909
BALANCE:	End of year	2,051,000	11,509,088	675,427	14,235,515

*The opening balance of the Development Charge Levies Reserve Fund has been reclassified to show the consolidation of the Regional Share of Waterworks and the Well Interference Reserve Funds with the Development Charge Levies Reserve Fund.



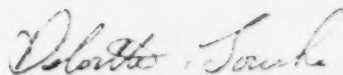
**SINKING FUND
& TRUST FUNDS
Auditors' Report
And Financial Statements**

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Regional Municipality of Durham:

We have examined the balance sheet of the sinking fund of the Corporation of the Regional Municipality of Durham as at December 31, 1989 and the sinking fund statement of continuity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the sinking fund of the Corporation of the Regional Municipality of Durham as at December 31, 1989 and the continuity of sinking fund for the year then ended in accordance with accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.



DELOITTE & TOUCHE
Chartered Accountants
Oshawa, Ontario
April 30, 1990

Sinking Fund

Statement of Continuity

for the year ended December 31, 1989

		DEBT RETIREMENT FUND	
		1989	1988
		\$	\$
BALANCE:	Beginning of year	219,894	175,182
	Contribution from the waterworks operation	30,243	30,243
	Interest earned	76,453	63,731
		106,696	93,974
	Actuarial requirement for the year	51,725	49,262
BALANCE:	End of year	274,865	219,894

Balance Sheet

as at December 31, 1989

		DEBT RETIREMENT FUND	
		1989	1988
		\$	\$
ASSETS:	Investments - at amortized cost (market value \$757,069 - 1989; \$644,233 - 1988)	756,240	649,544
	Total	756,240	649,544
LIABILITY:	Actuarial requirement for retirement of debenture	481,375	429,650
FUND BALANCE:		274,865	219,894
	Total	756,240	649,544

Notes to Sinking Fund Financial Statements

December 31, 1989

1) INVESTMENTS

All investments are purchased with the intention of holding them until maturity and are recorded at cost price adjusted annually for amortization of discount or premium on the straight-line basis as determined at the date of purchase with the amount of such amortization included in the interest earned on the "Statement of Continuity".

2) ACTUARIAL REQUIREMENTS

The actuarial requirements of the sinking fund represent the amounts levied during the year as set out in the sinking fund debenture by-law plus interest thereon capitalized at a rate of 5% per annum compounded annually. Any excess revenue over these requirements is included in the sinking fund balance.

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Regional Municipality of Durham:

We have examined the balance sheet of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 1989 and the statement of continuity of trust funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph.

In common with many funds of a similar nature, the Region derives the majority of its trust fund receipts in the form of contributions on behalf of the residents of the Homes for the Aged which are not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts recorded in the records of the trust funds and we were not able to determine whether any adjustment might be necessary to receipts, assets or funds balance.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of capital receipts on behalf of the residents referred to in the preceding paragraph, these financial statements present fairly the financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 1989 and the continuity of trust funds for the year then ended in accordance with accounting principles disclosed in the Note to the financial statement applied on a basis consistent with that of the preceding year.

DELOITTE & TOUCHE
Chartered Accountants
Oshawa, Ontario
April 30, 1990

Trust Funds

Statement of Continuity
for the year ended December 31, 1989

		HOMES FOR THE AGED				Campbell	Social	Homecare
		Total	Residents	Donations	Bequests	Bequest	Services	Donations
		\$	\$	\$	\$	\$	\$	\$
BALANCE:	Beginning of year	1,663,970	1,119,700	101,730	428,962	5,354	8,224	—
CAPITAL RECEIPTS:	Receipts on behalf of:							
	Residents	919,285	874,235	45,050	—	—	—	—
	Recipients	58,016	—	—	—	—	55,611	2,405
	Employees	5,000	—	5,000	—	—	—	—
INTEREST EARNED:		167,459	107,860	13,466	45,941	—	—	192
	Total receipts	1,149,760	982,095	63,516	45,941	—	55,611	2,597
EXPENDITURES:	On behalf of:							
	Residents	999,007	971,703	27,304	—	—	—	—
	Recipients	58,278	—	—	—	—	57,773	505
	Total expenditures	1,057,285	971,703	27,304	—	—	57,773	505
BALANCE:	End of year	1,756,445	1,130,092	137,942	474,903	5,354	6,062	2,092

Balance Sheet
as at December 31, 1989

		HOMES FOR THE AGED				Campbell	Social	Homecare
		Total	Residents	Donations	Bequests	Bequest	Services	Donations
		\$	\$	\$	\$	\$	\$	\$
ASSETS:	Cash and accrued interest	677,369	523,193	137,942	2,726	5,354	6,062	2,092
	Short-term investments	1,079,076	606,899	—	472,177	—	—	—
	Total assets	1,756,445	1,130,092	137,942	474,903	5,354	6,062	2,092
FUND BALANCE:		1,756,445	1,130,092	137,942	474,903	5,354	6,062	2,092

Note to Trust Funds Financial Statements

December 31, 1989

SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted for Ontario municipalities as required by the Ministry of Municipal Affairs, and reflect the following policy as set forth in the Municipal Financial Reporting Handbook.

BASIS OF ACCOUNTING

Receipts and expenditures are reported on the cash basis of accounting with the exception of interest income which is reported on the accrual basis.